

AMD: Ted Stevens Anchorage International Airport: Letter of Intent Airfield Improvements **FY2003 Request: \$74,300,000**
Reference No: AMD 36871

AP/AL: Allocation **Project Type:** Construction

Category: Transportation

Location: Anchorage Areawide

Contact: Kurt Parkan

House District: Anchorage Areawide (HD 10-26) **Contact Phone:** (907)465-3900

Estimated Project Dates: 07/01/2002 - 06/30/2007

Appropriation: AMD: Airport Improvement Program

Brief Summary and Statement of Need:

The Airport will address safety issues and provide capacity enhancements needed to meet forecast growth in aircraft activity. All Letter Of Intent (LOI) projects are critical airfield improvements. We are requesting a single line item due to the frequent need to manage the projects safely and efficiently. This enables the Airport, when closing a busy runway or taxiway, to quickly coordinate with related LOI airfield construction projects for maximum aircraft safety and minimum runway/taxiway closures.

Funding:	<u>FY2003</u>	<u>FY2004</u>	<u>FY2005</u>	<u>FY2006</u>	<u>FY2007</u>	<u>FY2008</u>	<u>Total</u>
Fed Rcpts	\$74,300,000						\$74,300,000
Total:	\$74,300,000	\$0	\$0	\$0	\$0	\$0	\$74,300,000

<input checked="" type="checkbox"/> State Match Required	<input checked="" type="checkbox"/> One-Time Project	<input type="checkbox"/> Phased - new	<input type="checkbox"/> Phased - underway	<input type="checkbox"/> On-Going
7% = Minimum State Match % Required		<input checked="" type="checkbox"/> Amendment	<input type="checkbox"/> Mental Health Bill	

Operating & Maintenance Costs:

	<u>Amount</u>	<u>Staff</u>
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	0
Totals:	0	0

Additional Information / Prior Funding History:

None.

Project Description/Justification:

**DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES
 TED STEVENS ANCHORAGE INTERNATIONAL AIRPORT
 FY 2003 CAPITAL BUDGET REQUEST**

Ted Stevens Anchorage International Airport (ANC) is requesting the following FY 03 Capital Budget Request for the FAA Letter of Intent (LOI) Airport Improvement Program (AIP) proposal:

Federal Receive and Expend Authority

Project Title: ANC LOI Airfield Improvements

Requested Amount: LOI (Federal AIP): \$74.3 million

Description/Justification:

The Airport will address safety issues and provide capacity enhancements needed to meet forecast growth in aircraft activity. Completion of Taxiway Y will provide parallel north-south access to the expanding North Air Park and reduce noise, aircraft congestion and delays associated with safe movement of aircraft on the ground. Improvements in runways and taxiways to safely accommodate new, larger Group 6 aircraft are programmed in response to requirements of two express package carriers who have ordered the aircraft. Taxiway and runway rehabilitation and realignment will address priority pavement management as a part of the ongoing FAA approved airfield maintenance program. Critical repairs of deteriorated North Terminal aircraft parking apron will meet requirements of larger international passenger carrier aircraft. Cargo apron repair and upgrade will accommodate larger international cargo carrier aircraft parking requirements.

What is an LOI?

The FAA is authorized to issue a type of multiyear Airport Improvement Program discretionary grant called a Letter of Intent. It is designed for certain capacity enhancing airport development projects when current obligating authority is not timely or adequate to meet a sponsor's desired timing for a project. Under this mechanism, the Airport sponsor submits an application to the FAA demonstrating that 1) the project qualifies, all other revenues are committed elsewhere and 3) but for LOI assistance, the project could not be funded and accomplished in a timely way. Airports are funded from their own rates and fees, FAA entitlement funds and FAA discretionary funds.

LOI is one type of FAA discretionary grant fund. A portion of the Airport sponsor's entitlement funds are committed as part of the plan of finance. Another element of the plan of finance contributed by the sponsor is the Airport's non-federal matching funds. The sponsor requests that the FAA issue an LOI to fill this funding gap. The FAA evaluates the proposal and, if approved, issues a letter stating that the reimbursement will be made according to a payback schedule. The LOI does not reduce the airport's eligibility for regular FAA entitlement and discretionary grant funding. An approved LOI includes a schedule for reimbursement by FAA, typically over a 5-10 year period. The LOI is no different from all FAA discretionary funding in that funding from year to year is subject to Congressional appropriation.

How is ANC's LOI proposed to be funded?

In the proposed LOI application ANC is proposing to commit certain FAA entitlements and a small matching amount from existing approved capital projects. The total federal share of the LOI projects is \$96.8 million, of which \$74.3 is new receive/expend authority. The remainder is existing federal funding authority for the same projects. No non-federal (IARF or IARF related bond) funding authority is requested. ANC is requesting a five year payback. Construction will be scheduled in coordination with FAA payments.

In summary, for ANC there are several attractive, cost effective features of the LOI compared with annual FAA discretionary grant application process. The LOI:

- Creates a commitment of federal funds for a variety of projects. This commitment reduces risk associated with annual grant applications by increasing certainty of future cash flows. This facilitates short-term 5-10 planning for the airport and airlines.
- Secures discretionary funds for certain projects, which may allow additional discretionary funds to be committed to other CIP projects in the future.

- Adds certainty to the cash flows, which may in turn yield better bond terms and higher ratings, which in turn reduces the cost of borrowing.

The LOI application encompasses five related airfield improvement projects each of which address time critical needs at Ted Stevens Anchorage International Airport. They are:

1) NORTH SOUTH TAXIWAY Y

DESCRIPTION: Completion of a new North/South (N/S) taxiway (Y) on the west side of ANC's N/S Runway (14/32).

JUSTIFICATION: There is currently only one N/S taxiway (R), located on the east side of the N/S Runway, providing access to ANC's busy North Airpark (home to FedEx, UPS, Northwest Cargo, Air Cargo Express & other important cargo carriers). The second taxiway is needed to relieve the head to head traffic on the existing east side Taxiway R (2-way traffic on what should be a one-way route, a serious safety concern as air cargo traffic volumes continue to increase despite 9/11). At peak times express carriers experience expensive delays to their system, detracting from the Airport's competitiveness to serve core Asia-North American routes. This project will fund construction to reach Taxiway S and thereby serve the entire North Airpark air cargo center. A second benefit is operational efficiency, reducing aircraft delays when aircraft are using Taxiway R to line up for departure from north to south.

2) NEW LARGE AIRCRAFT IMPROVEMENTS

DESCRIPTION: Safety upgrade/widening of the primary arrival runway (6R/24L), four primary taxiways (C, J, Q & Y), and portions of four others (K, R, T & U) in preparation for the scheduled arrival of the new Airbus 380 in 2008.

JUSTIFICATION: This project is intended to provide the minimal improvements needed to safely accommodate this new, larger aircraft. The Airbus 380 is 49 feet wider and over 400,000 lbs. heavier than a current generation Boeing 747-400, the largest aircraft currently using ANC.

3) RUNWAY/TAXIWAY REHABILITATION

DESCRIPTION: Rehabilitate deteriorating north south runway (Runway 14/32) and several key taxiways (G, K, & R).

JUSTIFICATION: These operating surfaces require attention now to avoid much more costly repairs or even complete reconstruction if deferred. This project is a priority for net present value investment based on the ANC Pavement Management System, which is used to optimize the return on investment for pavement.

4) INTERNATIONAL TERMINAL PASSENGER LOADING BRIDGES

DESCRIPTION: Reconstruct and realign six wide body aircraft parking aprons, replace the inefficient and aging loading bridges and upgrade six of the gates at the North/International terminal.

JUSTIFICATION: The reconstruction is required to repair deteriorating/failed pavement around the aircraft parking aprons at the gates. The realignment and replacement of existing bridges will allow side-by-side parking of Boeing 747-400 aircraft and thereby maximize peak use of the Terminal to accommodate current generation international passenger aircraft.

5) CARGO AIRCRAFT PARKING APRON RECONSTRUCTION

DESCRIPTION: Reconstruction of five cargo aircraft parking and refueling aprons (“hardstands”) west of the new Concourse C Terminal and adjacent to Taxiway R.

JUSTIFICATION: The pavement is failing and reconstruction is a priority. These hardstands are among the most active parking positions at ANC and are a critical part of the “gas and go” operations at ANC. If not addressed the loss of facility reliability would severely impact the Airport’s ability to handle this important part of the customer base at ANC. In addition, this project will remove restrictions on parking current generation 747-400 cargo aircraft side by side on this active parking area. Currently the Airport must alternate larger and smaller aircraft during peak operations.